
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.29.2009

Washington Post: "As Overseer And Owner, U.S. Aims For Balance ... The owner of a car company can decide how many cars to make, to paint red, to send to Maryland dealerships. The Obama administration, which plans to buy about 70 percent of General Motors, insists it does not want to be that kind of owner."

Washington Post: "GM, Chrysler Positioned to Move Through Bankruptcy at Top Speed ... The Obama administration's plan to revive two of the nation's major automakers powered forward yesterday, with Chrysler pushing to create a new company in bankruptcy and General Motors readying itself for a similar trip to court by offering a new deal to bondholders."

Washington Post: "Geithner to Pursue Practical Goals, Tone in Trip to China ... Treasury Secretary Timothy F. Geithner will arrive in Beijing on Sunday touting what appears to be a far more pragmatic approach to America's economic relationship with China than the tougher line administration officials, including President Obama, were outlining only a few months ago."

Washington Post: "Rising Unemployment Levels Help Push Record Numbers of Homeowners Into Delinquency or Foreclosure ... Rising unemployment levels helped push record numbers of homeowners into delinquency or foreclosure during the first quarter, according to industry data released yesterday."

Washington Post, Editorial: "Rating Warning ... The U.S. needs a plan to reduce debt once the economy has stabilized. THE ANNOUNCEMENT by Standard and Poor's that Britain could lose its triple-A credit rating because of excessive government debt also serves as a loud and clear warning to the U.S. government, which is piling on debt by the trillions."

Washington Times, Editorial: "Hurting the housing market ... Obama's policies drive down prices. Housing prices are in free fall. No bottom is in sight as President Obama's policies continue to undermine the market."

New York Times: "It's Thankless, but He Decides Madoff Claims ... Irving Picard oversees claims in the Madoff case, deciding who will be paid quickly, who will be paid eventually, who will not be paid at all. It is not a job for the thin-skinned."

New York Times: "G.M. Plan Gets Support From Key Bondholders ... As General Motors moved closer to a bankruptcy filing, possibly early next week, attention on Thursday turned again to the bondholders, the most important group that the company has yet to win over for its efforts to start fresh."

New York Times, Editorial: "Another Rescue? ... Remember the days, not so long ago, when you had never heard of subprime mortgages or credit default swaps or collateralized debt obligations? As government officials try to sort out those messes, states and localities are asking for federal aid for another financial trouble child: the VRDO, or the variable rate demand obligation."

New York Times, Krugman: "The Big Inflation Scare ... Suddenly it seems as if everyone is talking about inflation. Stern opinion pieces warn that hyperinflation is just around the corner. And markets may be heeding these warnings: Interest

rates on long-term government bonds are up, with fear of future inflation one possible reason for the interest-rate spike."

Wall Street Journal: "GM in Last Lap to Chapter 11 ... The Obama administration plans to usher General Motors Corp. into bankruptcy court Monday and push through a restructuring that will cost taxpayers billions of dollars more than previously envisioned, turning what once was one of the most profitable companies in the world into a government ward."

Wall Street Journal: "Banks Seek Role in Bid to Overhaul Derivatives ... The battle lines are being drawn in the derivatives market, as Wall Street tries to pre-empt new laws that could drain a big source of banks' profits."

Wall Street Journal, Op-Ed: "Rule #1: Always Blame Derivatives ... You may have noticed that the Beltway crowd loves to blame unregulated financial derivatives for the problems that regulation caused in the housing market. Derivatives are also an irresistible target for bureaucrats looking to show they deserve valuable jurisdictional turf as Congress rewrites the rules of finance."

Wall Street Journal, Op-Ed: "Political Bankruptcy ... The Obama Administration made GM's bondholders an offer they couldn't refuse this week, and a group representing some of the largest institutional investors took the offer. The alternative, as GM made clear in an SEC filing, was for the Treasury to wipe them out in GM's now-inevitable bankruptcy. Under the terms of the Treasury's offer, GM bondholders will receive 10% of the company's stock in exchange for their \$27 billion in bonds, plus warrants to buy an additional 15% stake in seven to 10 years."

Financial Times: "Dilemma for the Fed as property recovery falters ... A record 9.1 per cent of all US mortgages were delinquent at the end of the first quarter, the Mortgage Bankers' Association reported on Thursday, highlighting the pressure on policymakers as they attempt to engineer a still elusive bottom in the US property market."

Financial Times: "New debt fears over commercial property ... Fears among credit investors have risen that threatened ratings downgrades of commercial property debt might thwart US government efforts to revive the markets that help fund office blocks, shopping centres and other commercial real estate."

USA Today: "Many small businesses lose their credit ... Nearly a million small-business owners have been forced to add a new - and rather daunting - item to their to-do lists: find a new line of credit."

USA Today: "Home mortgage delinquencies hit highest rate since 1972 ... Nearly 1 in 8 of the nation's home mortgage holders were behind in their payments in the first quarter - the most since at least 1972, the Mortgage Bankers Association said Thursday."

Los Angeles Times, Editorial: "GM and the U.S. taxpayer ... An administration plan to become the automaker's major stakeholder would best if it is a short-lived ride in the driver's seat."

Economist, Editorial: "The regulatory rumble begins ... "YOU want to move at the point where people still have the memory of the trauma," Tim Geithner explained recently when asked about financial regulation. Aware that the crisis is moving into a new phase, with the emphasis shifting from firefighting to working out how supervision should be restructured, America's treasury secretary wants to seize the moment. He plans to unveil a comprehensive regulatory overhaul by mid-June."

The Hill: "Frank opposed to new, solo banking regulator ... House Financial Services Committee Chairman Barney Frank (D-Mass.) on Thursday said he was opposed to the creation of a single banking regulator, a possibility under discussion in the Obama administration, according to financial-industry sources."